



October 10, 2007

Honorable Richard L. Holmes, Chairman
Board of Community Health
Senior Vice President – Metro Atlanta Region
Georgia Power Company
Mail Bin 10240
241 Ralph McGill Boulevard
Atlanta, GA 30308

Honorable Ben Harbin, Chairman
Appropriations Committee
State House of Representatives
245 State Capitol
Atlanta, GA 30334

Honorable Jack Hill, Chairman
Appropriations Committee
State Senate
234 State Capitol
Atlanta, GA 30334

Gentlemen:

As required by OCGA 45-18-102(k), the Department has compiled the following information about the Georgia Retiree Healthcare Fund for FY 2007. As of September 30, 2007, the financial audit of the Department's FY 2007 financial statements was not completed. As a result, revenue and expenditure information provided here should be considered unaudited but is the most recent information reasonably available. The Department does not expect audited statements to be available prior to November 30, 2007.

1. FY 2005 Other Post Employment Benefit (OPEB) Valuation (used for FY 2007 OPEB liability disclosure)
2. FY 2007 State Health Benefit Plan (SHBP) Retiree Revenue and Expenditures by retiree type
3. FY 2007 Net Assets of the Georgia Retiree Healthcare Fund (OPEB Fund)
4. FY 2007 Incurred But Not Reported Expenditures for SHBP Retirees

In summary, the Department transferred \$422,082,955 in revenue from the Healthcare Benefit Fund to a segregated Peoplesoft account to reflect the employer share of revenue made available to support FY 2007 expenditures for current retirees. The same amount was expensed as the employer share of FY 2007 retiree expenditures, leaving an OPEB Fund balance of zero as of June 30, 2007.

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The department was unable to transfer FY 2007 retiree premiums or any portion of the FY 2006 fund balance to the segregated account, as the department did not have statutory authority to do so prior to July 1, 2007. Senate Bill 172, passed by the 2007 General Assembly, provides authority to the department to deposit retiree premiums to the Georgia Retiree Healthcare Fund, effective as of July 1, 2007. Accordingly, FY 2008 statements will reflect all revenue sources made available for current and future retiree liabilities.

Please do not hesitate to contact the department's Chief Financial Officer, Carie Summers, with any questions you may have. She may be reached at 404-657-4859 or csummers@dch.ga.gov.

Sincerely,

Rhonda M. Medows, M.D.

Attachments (4)

cc: Trey Childress, Director, Office of Planning and Budget
Tommy Hills, CFO, State of Georgia
Carie Summers, CFO, Department of Community Health
Nancy Goldstein, Director, State Health Benefit Plan
Mark Oshnock, Chairman, Audit Committee, Board of Community Health